

STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE  
BULLETIN 93-3

Issued this 28th day of  
May, 1993

TO: ALL LICENSED ACCIDENT AND HEALTH INSURANCE COMPANIES

RE: 1993 Revisions to the Small Group/Individual Reform  
MinnesotaCare Law (Chapter 549 Laws of 1992)

The following is a brief summary of the 1993 legislative changes to the MinnesotaCare Law. They are effective July, 1, 1993 and apply to both in force and new issue health contracts. Copies of the entire statutory changes may be obtained by calling:

House Clerk (612) 296-2314  
or  
Senate Clerk (612) 296-0504

Ask for Chapter 345, 1993 MinnesotaCare Amendments and  
Chapter 247, Technical Corrections to MinnesotaCare

SMALL EMPLOYER INSURANCE REFORM (CHAPTER 62L)

- 62L.02, Subd. 26 Permits a two employee Minnesota employer to have a family member as one of the employees needed to qualify as a small employer.
- 62L.02, Subd. 26 Existing associations who offer health coverage to members will be exempt from the small employer reform if they register with the commissioner before July 1, 1993.\* Coverage sold to small employers through associations after July 1, 1993 must comply with Chapter 62L requirements.
- 62L.03, Subd. 3 If small employer does not satisfy the 75% participation or 50% contribution requirements, an insurer may voluntarily issue or renew a health benefit plan if that plan fully complies with Chapter 62L, except for guaranteed issue. Individual coverage purchased by the employer may be offered only if available to all employees of the same employer and on a guaranteed issue basis.
- 62L.05, Subd. 3 The copayment for urgent care is changed from \$50 to \$15, and reimbursement for the services of a home health agency or private duty R.N. is changed from \$15 per day to \$15 per visit.
- 62L.08, Subd. 4 An additional geographic region for employees residing outside of Minnesota may be established.
- 62L.08, Subd. 8 In determining if rates are reasonable the commissioner shall consider the growth rates applied under Minnesota Statute § 62J.04, Subd. 1(b).
- 62A.021, Subd. 1 Loss ratios start at 75% on July 1, 1993 and must increase 1% each of the following years, to 82% in the year 2000.
- If a rate change exceeds 30% and is due to the new premium variations, only 50% of the change may be charged after July 1, 1993 and the remaining 50% one year later.

\*To register, the health carrier will have to identify the nature and scope of the association, and explain how it complies with Minnesota Statute § 60A.02, Subd. 1a.

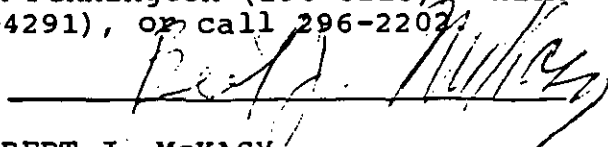
## INDIVIDUAL MARKET REFORM

- 62A.021 Subd. 1 Loss ratio must start at 65% on July 1, 1993, and must increase 1% for each of the following years until they reach 72% in year 2000.
- 62A.61 A health carrier that bases reimbursement to health care providers upon usual and customary fees must maintain a copy of a description of the methodology used to calculate the fees at its office and, if requested, with the commissioner.
- 62A.65 Subd.5(a) Exclusionary riders may be retained on existing individual health benefit plans. A person switching individual coverage from one health carrier to another may not be subject to a new preexisting condition limitation.
- 62A.65 Subd.5(b) Individuals previously covered under a group health plan must be issued an individual qualified plan with premium rates no greater than 90% of a comparable plan offered by the Minnesota Comprehensive Health Association. Any increase or decrease in premium rates caused by Minnesota Statute § 62A.65 requirements must be implemented in two steps, 50% of the rate change charged after July 1, 1993 and the remaining 50% one year later.
- 62A.011 Subd. 3 Health plans do not include coverages that are disability income, per diem or fixed indemnity, credit A & H, designed solely to provide dental or vision care, blanket A & H, accident-only, long-term care or Medicare supplement.

Please remember that these statutes affect small employer and individual health policies that are currently in force or issued after July 1, 1993.

Additionally, a health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually (July of each year), its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by Minnesota Statute § 62A.021, Subd. 1.

If you have any additional questions or comments, please call or write John Gross (296-6929), Brian Pennington (296-8218), Chuck Ferguson (297-3976), Julie Lee (297-4291), or call 296-2202.

  
BERT J. MCKASY  
Commissioner of Commerce